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**DIRECTORATE OF
INTELLIGENCE**

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Intelligence Memorandum

The New Government of Ecuador

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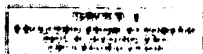
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CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
2 March 1972

INTELLIGENCE MEMORANDUM

The New Government of Ecuador

On the night of 15-16 February the armed forces, under the direction of army commander General Guillermo Rodriguez Lara, took control of the government and exiled President Jose Maria Velasco Ibarra. It was the fourth time in his five terms in office that Velasco had been ousted. The military took over with only a vague idea of the changes it wants to implement. Rodriguez has already faced down the first dissidence within the government, but he may have difficulty in reconciling the desires of the reformist element within the military with the needs and resources of his country and government.

Note: This memorandum was produced by the Office of Current Intelligence. It was coordinated within CIA.

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The Factors Behind the Coup

1. Three main factors led the military to decide to resume direct control of the government. The most immediate consideration was the likelihood that populist politician Assad Bucaram would win the presidential election scheduled for June. Many military leaders, as well as members of the oligarchy, distrusted Bucaram's demagoguery and disliked some of his proposed reforms. Although the election was still several months away, Bucaram, whose power base is around coastal Guayaquil, was scheduled to visit Quito on 18 February. His opponents feared that he would on the trip arouse so much popular enthusiasm that any subsequent move to cancel the elections would cause too strong a popular reaction.

2. In this situation, the military offered President Velasco the opportunity of canceling elections himself and extending his term by a year or more. But Velasco, anxious to fare well in history's judgment, preferred to hold the elections on schedule with the understanding that power would be turned over to a military administration rather than to his elected successor. The leaders of the armed forces opposed this solution, which would have put them in the position of ousting the popular choice for president--presumably Bucaram.

3. In addition to their specific dislike of Bucaram, military leaders were disgusted with civilian politicians in general. Indeed, it was partially in response to the ineffectiveness of congress that Velasco, with the support of the armed forces, had assumed dictatorial powers in June 1970. Although Velasco himself is untainted by financial scandal, his administrations and his advisers have been notoriously corrupt. The military, which sees itself as the guardian of the national conscience, was outraged at the blatant graft in the latest Velasco administration. In addition, military leaders feared that the revenues from new oil fields would, when they began to come in, give politicians even more scope for corruption.

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4. The third motivating factor was the desire of some younger officers to emulate the Peruvian military government in applying the experience and ability of the armed forces to needed economic and social reform. It is unclear whether Rodriguez and other leaders merely capitalized on this sentiment to gain wider support or whether they actually share it.

The Coup and its Aftermath

5. On the evening of 15 February, President Velasco flew to Guayaquil, probably to seek the support of the army zone commander there to shore up his position. When Velasco tried to make a television speech, the army prevented him. He thereupon repaired to the presidential house in Guayaquil and shortly thereafter took a plane to Panama. A little later an announcement was made that the armed forces had assumed control of the country and that General Guillermo Rodriguez Lara had been given executive control.

6. The first acts of the new president were to cancel the scheduled elections and reinstitute the constitution of 1945. This constitution was drawn up under leftist auspices and puts relatively firm constraints on executive authority. The next day he issued a decree forbidding people who had held office during the Velasco administration to leave the country and calling for an official audit of all financial records. In addition, he ordered that all new officials provide a financial statement upon taking office and be prepared to submit another upon leaving.



General Guillermo
Rodriguez Lara
President of Ecuador

7. Bucaram was detained, questioned, and released, and the government

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has taken no immediate reprisals against Velasco's people. Two cabinet ministers who accompanied Velasco to the airport were arrested but were released after a very short time. The general public appears to have accepted the change of government with the apathy that usually greets such events in Ecuador. Political parties generally have not opposed the coup.

8. Rodriguez' immediate problems have come from within the armed forces leadership. According to early announcements, power was to be exercised by a government council composed of Rodriguez and the commanders of the three armed services: Colonel Mario Lopez Serrano, who was named to replace Rodriguez as army commander, air force chief General Julio Espinosa and navy chief Admiral Reinaldo Vallejo. When it became apparent that Rodriguez had no intention of consulting the council on substantive issues, however, Espinosa and Vallejo became disenchanted.

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9. Rodriguez has consolidated his position in the short run, but the navy and air force are likely to continue to feel very much junior partners. A lack of military unity could impair Rodriguez' ability to execute his policies over the longer term.

The New Administrators

10. The new service chiefs are described by US officials in Ecuador as competent and moderate. Captain Sergio Vasquez Pacheco, commander of the navy, was an early supporter of Rodriguez. As

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commander of the Guayaquil naval zone, he was responsible for enforcing Ecuadorean policy against US tuna boats fishing within Ecuador's claimed 200-mile territorial limit. The Ecuadorean military command is unhappy with the US suspension of military aid caused by the tuna boat seizures but supports national policy on the maritime question.

11. Rodriguez has named all but one of the ten members of his cabinet. Of these, the ministers of foreign affairs and of finance are civilians. Four cabinet ministers and the secretary general of administration come from the army. The navy holds two posts. The only air force representative is a physician who was appointed minister of public health. This allotment reflects the dominant position of the army within the Ecuadorean military.

12. The military took power without any clear plan of action. The first days in office were spent taking inventory of the problems and resources of the government. On 22 February Finance Minister Vega Moreno announced that the country faced an extremely large budget deficit, primarily as a result of mismanagement by the previous administration. Oil fields in the east are expected to come into production at midyear, however, and the revenues, if wisely used, could ease the government's financial difficulties and permit increased public investment for development.

The Government's Policies

13. Early statements by President Rodriguez and others make clear that the new government intends to continue to claim a 200-mile territorial limit. On 24 February, Rodriguez issued a public statement denouncing a recent amendment to US aid legislation that would deny assistance to countries seizing US fishing boats outside a 12-mile limit. He branded the legislation "a clear act of political imperialism." The Ecuadorean delegation named to attend the Law of the Seas Conference preparatory meeting

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in New York has a heavy representation from the navy, indicating that the military will play an increasing role in formulating policy in this field.

14. The government's dedication to this policy continues to over-ride its desire to acquire military equipment from the US. Military sales are suspended until February 1973, and the ban will be extended as more boats are seized. Military equipment is available elsewhere, however. The navy, for example, has used recently acquired West German patrol boats to pick up the US seiners. In addition, once the cash earmarked for the armed forces from the expected petroleum revenues is in hand, there should be little difficulty in purchasing military equipment from a number of foreign sources.

15. A potential problem for the government will be the foreign oil companies, which have made extensive investments in eastern Ecuador, in a trans-Andean pipeline, and in a deep-water port at Esmeraldas. Rodriguez has stated that the contracts with these companies will be reviewed "if necessary." Indeed, several unresolved issues have been carried over from the Velasco administration. In August 1970, following devaluation of the sucre, a 15-percent tax on most exports was imposed.

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Several other financial questions, including the treatment of foreign exchange earnings, remain to be resolved. The military is trying to build up its expertise in petroleum matters and has sent junior officers to France, Spain, Brazil, and Argentina for training. A Venezuelan petroleum expert is arriving soon for consultations.

16. There is some reason to believe that younger officers in the armed forces hope the Rodriguez government will emulate the military regime in Peru in enacting far-reaching social and economic reforms. Rodriguez' early statements contained nationalist and reformist rhetoric, but as yet he has given no

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clear indication of the direction he intends to take.

17. He may have difficulty in reconciling the desires for reform with the resources of the country. Should he move slowly and indecisively, pressure from radical groups and perhaps the young officers, could build up. Rodriguez has received the support of the orthodox Communist Party and all other leftist organizations except the small pro-Chinese Communist Party. So far these leftist groups appear to have had little influence. The President appears to have faced down the first serious challenge from leftists over implementation of a 1970 education law. In any event, the economic realities of Ecuador and the lack of technical expertise will seriously discourage drastic changes.

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